

Group Remuneration Policy

Key Principles

To ensure that the Business Units and Head Office have an effective approach in place to reward our employees in an appropriate way which:

- Aligns incentives to business objectives to support the delivery of Group and Business Unit business plans and strategies
- Enables the recruitment and retention of high calibre employees and incentivises them to achieve success for their Business Unit and the Group
- Is consistent with the organisation's code of conduct and risk framework and appetite

Policy Detail

Business Units and Head Office will have clearly documented processes, and where appropriate a policy, in place for determining reward. These will be in line with the Group Reward Principles:

Group Reward Principles

- People are paid for their contribution and performance and the extent to which they demonstrate the Group's values
- Reward reflects Business Unit and, where appropriate, Group performance
- Reward arrangements are tailored to the relevant market
- Where appropriate, reward provides an interest in Prudential plc shares
- Reward incentives' shareholder value creation
- Reward arrangements are fair and transparent
- Reward arrangements are designed to support regulatory compliance and sound risk management practices, including risk awareness, risk informed decision making and strong risk management and controls
- Reward arrangements are designed to support the fair treatment of customers
- Reward arrangements strengthen the community of interest between employees and other stakeholders
- There are appropriate safeguards to avoid conflicts of interest
- Communication about reward is clear, regular and effective

Reward structures must take into account

- All applicable regulatory frameworks and shareholder views
- Local legal, tax and governance and regulatory frameworks
- Individual contribution, attitude to risk, conduct and the Group's values
- Market positioning
- Equity with peers
- The interests of stakeholders
- The risk appetite of the business

Governance Framework

- The Remuneration Committee approves the structure and value of remuneration for Group Executive Committee members and monitors the remuneration of the Group Leadership Team, in aggregate, Group Remuneration Identified Staff¹ and those with the opportunity to earn, or whose actual remuneration is, USD1.5m or more per annum. In addition it approves the Group Remuneration Policy, applicable to all employees across the Group, and oversees its implementation for Group Remuneration Identified Staff within the scope of applicable Group-wide remuneration regulation or guidance.
- The Management Remuneration Committee approves (and reports to the Remuneration Committee) the structure and value of remuneration for Group Remuneration Identified Staff and those with the opportunity to earn more than USD1.5m per annum and those whose actual remuneration is USD1.5m or more. It receives information on the remuneration of the Group Leadership Team, on an aggregate basis, for noting ahead of presentation to the Remuneration Committee.
- The Management Remuneration Committee also approves the introduction or changes to deferred and long-term incentive arrangements, change in control and share-based retention plans plus changes to pension arrangements (other than where these responsibilities are within the remit of the Remuneration Committee under its Terms of Reference). For personnel within the purview of the Management Remuneration Committee, risk behaviour and adherence to risk appetite will be considered in assessing performance and determining remuneration and incentives.

¹ Group Remuneration Identified Staff refers to roles that the Remuneration Committee has deemed are within the scope of the Company's Group Remuneration Policy as set out by the Hong Kong Insurance Authority Guideline on Group-Wide Supervision framework.